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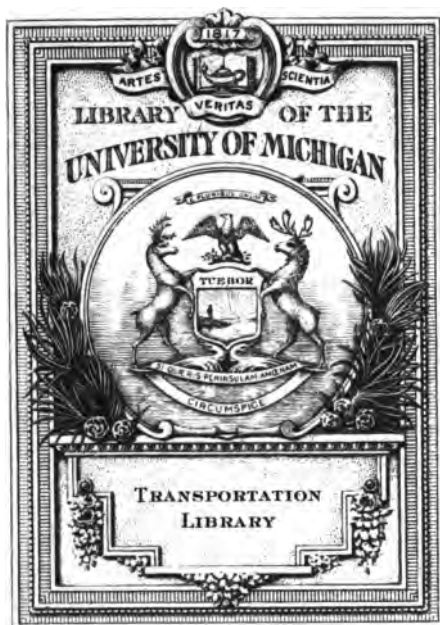
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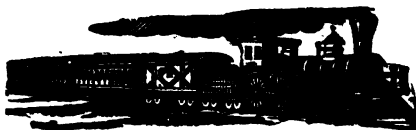
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The Carrier Crisis

Plain Spoken Treatment of the Government
Ownership of Railroads Issue —
The Canal a Commercial Liberator

By Augustine Gallagher



“I have forebodings for my country in the distant future, and am fearful that corruption will appear in high places and the money powers of our country will concentrate into few hands, and there is great danger of it overthrowing our republic.”

ABRAHAM LINCOLN

“Unless these combinations, pools, syndicates and trusts are throttled, there will be a panic come upon the people such as the world never saw.”

RUSSELL SAGE

Columbus : M C M V I I : F. J. Heer

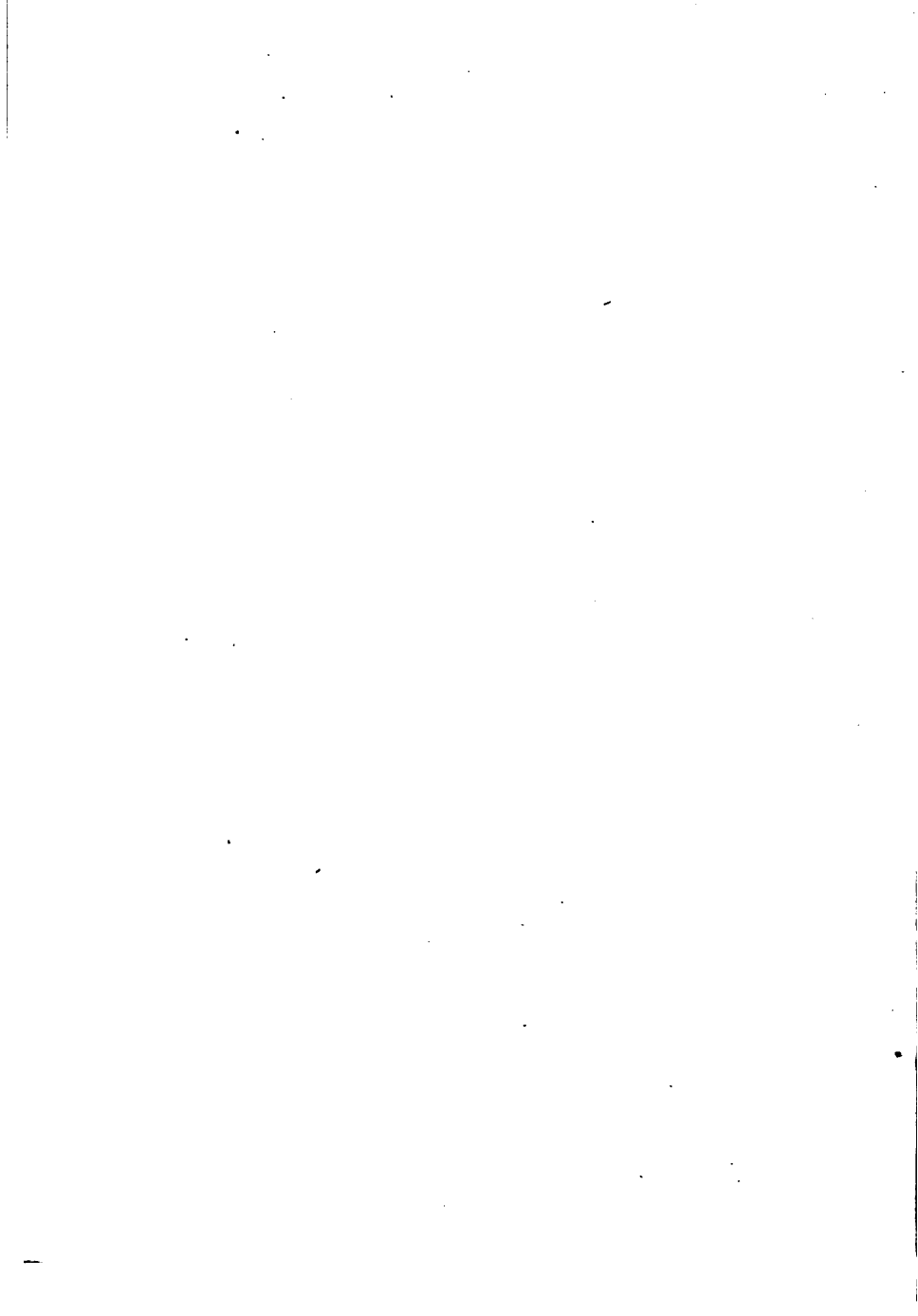
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COLUMBUS, OHIO



PREFACE

THIS work is designed to discuss in a public way an important public issue. Its treatment has the recommendation of being free from political party bias or influence. Being neither solicitous of political party preferment, or fearful of party displeasure, I have acted in the belief that the unpainted truth about this matter calls for straightforward consideration.

The carrier issue is the biggest question the American people have to deal with. It is a question of such broadening scope that security points to the earliest possible settlement of the matter consistent with prudent national conduct.

The proposal that the nation shall buy immunity from its oppressors, or that we shall, as a people, do any thing akin to compromise with outlaw combines of predatory wealth, I hold to be un-American. If we have lost control of public affairs, and have, as a people, surrendered the mastery of public conduct that an honest, intelligent and independent people by right own and enjoy, then may we play the weakling and talk of compromise.

Believing, however, that a goodly majority of the voters of America have sense enough to know what is

P R E F A C E

good for themselves, honesty enough to be trusted alone with the ballot, and courage enough to spurn intimidation, I am convinced that the truth of the matter at issue, broadly diffused, constitutes the solvent remedy.

Readers of the Rosary Magazine will recognize the "Government Ownership of Railroads," and "Waterways Determine Rates" articles substantially reproduced herein.

The motive of this work is to help to do the right thing now.

A. G.

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The Carrier Crisis

CHAPTER I

A LIVE PUBLIC ISSUE

THERE are signs that the question, whether it were wiser to own and operate the railroads of the country in the name of the people, or to content ourselves with government regulation of the common carriers, is to become a live public issue. The query naturally arises, are the people ready to intelligently pass upon the government ownership issue?

What does the animation we observe, and the disputations we hear about government ownership of railroads signify? Is it only a socialistic nightmare, a mere political extravaganza, or is it a foil born of a trust-tyrant's design to make bond-slaves of a free people?

Do the people really desire to buy and operate the railroads of the United States, and why, and by what means? Are the trust owners of the railroads opposed to government ownership, or do they desire to sell out to the people, and why?

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The answers to these questions are as susceptible of proof within themselves as any mathematic problem ever uttered. You can solve them, and it is your present business to do so. The issue must be met.

There are classes of political orators and publicists to the fore with the declaration that the people are thoroughly prepared for the question, and that the public welfare will admit of no further delay. On the other hand, many of the leading students of statecraft and political economy assert that the general public has no more than the merest superficial knowledge of the subject—that the submission of the government ownership question now, or in the near future, for public decision, would be dangerous in the extreme.

Those insisting that the public is ready to decide this momentous question are the men who deem it good policy, and mayhap good logic, to insist that our American public constitutes the best informed enfranchised populace in the uni-

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verse. They decline to limit the mental scope of the masses, and yet, whilst lauding the popular intelligence, these same leaders commit the indiscretion of holding up the popular appreciation of the citizens of other countries, especially those of Germany and New Zealand, as examples for emulation. In the language of these leaders, "The majority is always right; the people know what they need, and are safe enough and sane enough to pass upon any question affecting their welfare, regardless of the contrary opinions of students and experts."

The disputants of the public ownership school assert positively that the people are not only not instructed as to the wisdom or unwisdom of government ownership of the railroads, but, what is worse, that the people are mischievously misinformed. It is not charged that the advocates of public ownership proceed with malicious intent, but that their public assurances of the people, that they, the masses, are thoroughly informed regarding the probable cost and the possible bene-

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fits of government railroad ownership, work a mischief that will resist everything but the most painstaking and impartial search for actual facts. These men do not hesitate to say that government ownership and operation of the railways is a dangerous public enterprise in the light of all human knowledge and experience, and that the general public cannot possibly have mastered a science that is none too clear to the brainiest investigators of the period.

CHAPTER II

RAILROADS ARE READY

THE popular impression seems to be that the magnates constituting the railroad trust of the country are strenuously opposed to the acquirement and operation of their properties by the people. This may be true, and yet it may presently appear that railway interests are not so violently opposed to government ownership after all. A railroad president said to me more than five years ago: "The men dominating the railroad situation in the United States are designing an opportunity to sell out to the people. I have for years been convinced that the course of railway control is being directed toward government ownership. Why should the railroad companies issue almost limitless lines of securities and centralize their control — as has been the tendency for years — and at the same time impose upon the public by the evolution of a system of outrages previ-

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ously undreamed of, unless they had some object beyond the mere face value of the shares and bonds accredited to the roads? And what is that object but the unloading upon the public?"

More recently I asked the president just quoted, who is at the head of a trans-Missouri system, if he still held to his former belief regarding the government ownership design of the railroad magnates. He replied: "I am more firmly convinced than ever that the railroads have long feared government ownership, and are now readier than the public for the issue to be fought out. The great constructive period in American railroading is behind us. In that direction there are no more giant fortunes in sight. The various properties contributing to the great systems having been watered to the dripping point before merging, then saturated anew by bond issues of the controlling corporations, there is no longer even a stock-jobber's suspicion of a chance to float new issues. The hour nearly approaches for the unloading of the stupendous mass of

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securities upon the public. And what is more natural than that the men astute enough to carry the scheme of public plunder thus far would wish to convert their fluctuating securities into a government mortgage, thus fixing a debt upon the people beyond the means of many generations to liquidate, and all the while bearing a certain fixed income, and with the best security in Christendom?"

"How may this be accomplished? by stock jobbing? Of a certainty, no. The magnates are weary of trying to rob each other, and even though they pilfer the public, and that public does not resent it, the public sooner or later surrenders, and that is the signal for the magnates to resume the burden of their shares that they may not go a-begging on the stock exchanges. Sometimes these shares bear dividends — again, none — and all in all, the cunning of the stock-jobber's adversary being held in due regard, the way of the stock-jobber has ever been more toilsome and far more precarious than



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is dreamed of by a public recounting his newspaper conquests. The railroad security trustees are anxious to trade their holdings for government bonds. On the face value of their holdings they are sufficiently opulent to be content with a moderate percentum income, especially since they foresee that public opinion that forces railroad regulation by the government will at no distant day force stock exchange regulation, and thus effectually curb the outlawry that is now their chief hold upon fame and fortune. The considerations mentioned induced the men who have done so, first to group, then to combine the groups of railroads, with a view to their ready transfer to the government as soon as the people, aroused to a frenzy of reform, decide to mortgage themselves and posterity by the exchange of government bonds for inflated railway securities, thus promoting a band of financial conspirators from the class of speculative oppressors, subject to rule and reason, to the role of a bond-holding trust — in magnitude and scope

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dwarfing every scheme of usury hitherto conceived by the mind of man — creating a money power strong enough to dominate not only the treasury of the United States and our banking system, but with might and prestige sufficient to force obedience in every money mart on earth."

In estimating the value of the foregoing quoted opinion let it be understood that it is the belief of an honest man, a rich man, one who has achieved success, distinction and power in the railroad world, and who neither courts fame nor covets greater wealth. He is firmly convinced that the Socialist and the rampant government ownership advocate generally are the tools of conspirators whose design of public plunder is not only concealed from common knowledge, but is not intended to be revealed until the moment of consummation.

And should it come to pass that such vast power found lodgment in a trust creditor of the nation, what assurance have we that our form of government would not be, in that day, the

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plaything of a tyrant-trust? Will it not pay us to go carefully into every detail of government ownership before we conclude to decide the issue? The railroad president quoted may be right — and he may be only a theorist — but does not prudence advise us to ponder well his words?

CHAPTER III

THE LEADERS DISAGREE

IT may be well to remember that the best informed men deal cautiously with questions of polity and far-reaching measures of economy. As long ago as the early part of 1902 I had occasion, in the capacity of newspaper interviewer, to ask Colonel William J. Bryan if he believed that the railroads were preparing for government ownership. In the course of the conversation, the first portion of the railroad president's statement, here quoted, was set out, and Colonel Bryan's opinion was solicited. His reply was that he would not discuss the subject for publication — that he had not determined the position he would take on the question when it came to public utterance, and that, in consequence, he could not then think of making it the subject of an interview.

Now comes Colonel Bryan, after four years of consideration, and in his Madison Square

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Garden speech declares for government and state ownership and operation of railroads; and a few days later, at Jackson, Miss., makes the following significant utterance:

"I am not defending my original statement on that question or apologizing for anything I said and will reiterate here, that unless the law against the railroads is enforced, unless they are eliminated from politics, placed in a position where they can no longer corrupt legislation, joint government and state ownership will be the ultimate result. But the railroads will force the issue, not the people."

President Roosevelt, after a score of years' study of political questions, and as many years of eventful experience in public life, is an ardent supporter of the plan of federal regulation and control of the common carriers. He hopes and believes that government regulation will satisfy the public demand, but he bases his faith upon actual and positive enforcement of the law of regulation. Less than this law's vigorous and

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righteous enforcement, he fears, may lead to government ownership. Thus we have before us the advice of the foremost political leaders in the country, and it is gently pointing out the truth to say that the two great party leaders disagree — that, with all their learning, wide and instructive experience in public life, and their known integrity and desire to be right, these trusted and honored leaders are in dispute.

And yet there are advisers without number who will assert that the business and professional man, the toil-driven artisan and the ever-busy agriculturalist, can safely make up their minds to pass upon these momentous matters at a moment's notice, so to speak. The promise of such a demand is that, partaking so much of the enthusiastic, it verges upon the absurd, and is thus likely to defeat the aim of its author.

CHAPTER IV

THINK IT OVER

FROM men schooled in the construction and conduct of railroads, it is learned that railroading in America is entering upon a period of reformation that will involve expenditures unheard of in all the previous history of betterments. These men unite in saying "hands off" to the people—at least until they have figured the cost. The day of wood freight-car construction is past, say these experts. And they wonder why an informed (?) public should think seriously of investing in the monstrous mass of junk that is already marked for abandonment by the operating corporations. Advanced types of passenger coaches, approaching, if not quite succeeding, to fire-proof construction, must replace existing equipment at the earliest moment constructive genius will supply the demand; meanwhile, vast sums must be annually expended in experiments, all to be

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abandoned at no distant day for the long-sought "practically indestructive" construction that must soon be born of American ingenuity.

And the motive power of the future? This is a feature of the question that the investigator must ponder diligently. Will it continue to be steam applied direct, or electric transmission? And will Nature's atmospheric storehouse be drawn upon for current? Moreover, what of aerial navigation? Are we in a position to dispute the near possibility of the establishment of highways of the air? The telephone at the Centennial Exposition at Philadelphia, in 1876, was a more unpromising showpiece than the air ship at St. Louis in 1904. With the wonders of nature and the genius of man unfolding with almost mystifying progress, why hasten a national decision that, in its magnitude, presages nothing short of a mighty burden of tax tribute, and which may, from the day of adoption, determine the character, if not ultimately the form, of our government. In short, it is the belief of

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leaders of the opposition to government ownership and operation of the railroads, that, should the government undertake the business, the result would be ownership in effect of the government by the bondholders from whom the roads were purchased. The question is so big and so broad that even our most learned instructors have but acquired the rudiments, while we of the masses are merely groping our way.

Avoiding entangling alliance alike with the opportunist who demands prompt action, and his opponent who disputes emphatically the feasibility of government ownership, may we not wisely take time to inform ourselves on the subject? Without praise or prejudice of any following, may we not take advantage of a season of government regulation to develop knowledge touching the broader application of government power proposed? Try out in practice the theory of government control before undertaking the stupendous task of government ownership and operation.

CHAPTER V

ROADBED OWNERSHIP

IT may come to pass that we shall conclude, like the city of Cincinnati and the State of Georgia, in their railroad ownership experiences, that the ownership of rights of way and roads, minus operating equipment, constitutes a measure of ownership and control adequate to every demand of traffic and satisfactory to all public interests.

In 1837 the State of Georgia, realizing the need of a line of railroad reaching from Atlanta westward, began the construction of a line that was completed to Chattanooga in 1851. This road is one hundred and thirty-eight miles long. It was operated by the State of Georgia from 1851 until 1868, at which time it was leased by a trunk line corporation. At this time the road, which cost the state \$6,000,000 in bonds, is being operated by the leasing corporation, under a

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thirty year contract that nets the State \$420,000 a year, being seven per cent on the investment.

Comptroller General Wright, of the State of Georgia, reports that in addition to the payment of \$420,000 yearly rental to the State for the use of the road-bed, the lessee earns a profit of \$500,000 annually. It is also stated that under State operation the road earned "a good income on investment." But the State ceased to operate the road after seventeen years' experience. This is just the opposite of taking over by the State a road previously operated by a corporation, and the matter should have due weight in determining the issue before us.

In the latter sixties the city of Cincinnati had become so discriminated against by railways leading to the South, that, in self-protection, the city was forced to build a railroad to Chattanooga, Tenn., a distance of three hundred and thirty-two miles. The line was completed in 1880, at a cost of \$18,479,858, paid for in bonds bearing interest at rates ranging from four to

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seven and three-tenths per cent, the earlier issues bearing the higher rate. The road-bed was leased in 1881 for five five-year periods, the first yielding \$800,000, the second, \$900,000, third, \$1,000,000, fourth, \$1,090,000, and the fifth period \$1,250,000 per annum to the city, plus \$12,000 annually to pay salaries of the board of trustees of the road.

The road-bed is still leased, the advancing rental ratio indicating the growth in income value of the property.

Should the knowledge be gained that the ownership of the highways only constitutes a full measure of public protection—and this after having taken over ownership of both roadways and equipment, and having assumed the operation of the lines—what terrific confusion and unrest must ensue coincident with the adoption and subsequent surrender of government operation, and what an awful cost the experiment! Conservatism, in view of an issue so immense, is not likely to be written down as

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crime. Nor need it be a conservatism respecting any policy, but the measure of caution that is the foe of radicalism — that calm and deliberate estimate of results we may safely count upon as the yield of conduct well weighed in advance.

CHAPTER VI

IMMENSE CIVIL LIST

THE government ownership and operation of the railroads of the country means the employment of 1,382,196 additional public servants, assuming that government operation requires no more hands than are employed under corporate ownership. The augmentation of our present influential civil list of employes might work out to be a great public benefit or grow into an astounding public evil. But a certainty in this connection would seem to be that the economy now practiced by the iron rule of the corporate masters of railroad employes is not likely to be duplicated by any government of the people as long as the people's treasury guardians — members of Congress — depend upon the caprice of the government employed for votes to constitute their lease of power. Touching this phase of the question, a recent utterance of

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Secretary Shaw of the United States Treasury Department is of interest. He said:

"There are over 20,000 public servants, exclusive of presidential appointees, under the direct supervision of the department at the head of which I have the honor to temporarily preside. They are a good, conscientious, painstaking body of men and women, and yet if the Treasury Department were a private enterprise every whit as much work could be accomplished with a reduction of one-third in number and one-fourth in the salary of those remaining. This condition is the inherent nature of public service."

Public extravagance in contrast with private economy is the rule and practice of political bodies. In our own experience, the subserviency of Congress to organized voters — such as the vast army of postal employees — does not argue economy. Nor has Congress hesitated long to admit that any organized body of voters is entitled to more consideration — higher pay if

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employees, and larger appropriations, if seekers after public funds—than an equal number of disorganized citizens could possibly command. This may be, as some persons are pleased to term it, a trait of human nature; certain it is that it is characteristic of popular government—the mastery of the man with the ballot over the official it creates. We may just as well look at this matter candidly one time as another. It is one thing to boast of economy and public purity and another to know in our hearts that it is only a boast. The preeminence of experience as a teacher will never be supplanted. Of this the truly wise take early heed—Truth must prevail. Persons there are so finely wrought as to assume that facts thus set forth constitute an offense against some persons, organization or institution. Let that be, but keep in mind the fact that the offended are they who never seem to weary of dragging into public view their self-imposed burdens. They daily, hourly, even, save (?) the government, society, the church and

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every other institution regarded as of enough importance to fawn upon. And every one of such patriots is willing if not anxious to serve his country by holding office. And he may, as a rule, be relied upon to vote so as to promise a continuous salaried service of country. In numbers this class of public servants makes for the lowering of public morals—that is really the measure of their might, and that might is to be regarded always in the consideration of public questions. Every such patriot can vote, and is vastly more energetic in political campaign work than any but a direct beneficiary knows how to be.

To measure the political and social menace of this office-seeking class when salaried and uniformed by the million is neither the task of an odd moment nor the subject of indefinite future consideration. Take it up at once, and to your reasoning summon the aid of civil service example as you know it, all theory aside, every subterfuge displayed. Sum up your knowledge of

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Socialism and paternalism, and estimate just where you, a free, intelligent, ambitious home and property-loving American citizen, stand on this grave question.

CHAPTER VII

OFFICE HOLDERS BY THE MILLION

THERE were in the employ of railways operated by corporations in the United States, June 30, 1905, 1,382,196 persons. Add to this number one-third additional to provide the greater number that Secretary Shaw asserts government service requires, and the total is 1,842,928. To this add 300,615 persons now in the United States civil service, not counting the diplomatic and consular service, and a total of 2,143,543 is seen to be the probable minimum voting capacity of our public servants under a railway ownership by the government regime. As the telegraph and telephone service of the country would follow the lead of the common carriers in the way of public ownership and operation, more than 170,000 more government employes would thus be provided for, bringing the civil list up to something like two and one-quarter millions. The voting power of such a

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force, and its character, constitute a very important feature of this question.

Is it your desire to create places for so many government employes that go where you may, you will be bidden — may be ordered or commanded — to do this, that or the other by a dictatorial government official? The trust's railroad train conductor, brakeman and porter are surely sufficiently unbending to satisfy the most enthusiastic snob in the land, but what may we expect from real government officials when they have a tax-paying public to snub or ignore — an aristocracy of wealth to fawn upon with truculent mien,— insolent to the masses, servile to the snob.

And who will direct the railways when the government owns them? Will some infallible genius of unquestioned authority be enthroned to employ and place the man best equipped in the position of trust so as to keep the machinery going to suit the public desire and need, or will political power have a "pull"? Never mind

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what theorists say on the subject. What does your common sense suggest to you along this line?

You know very well the past practice of the politicians and you know that the present civil list is honeycombed with men who were failures at everything they ever touched save the understrapping work of henchmen, for which "distinguished" services they were boosted into political place by the miserable process of debt-paying that a patient people has too long tolerated. Run over in your mind the long list of ne'er-do-wells at the plow, the anvil, the throttle, the patientless doctors, briefless lawyers, and parishless preachers who have been fixed in Government positions without either special training, qualifications or industry to recommend them. There are many wise, well-trained and able men in Government service. It were folly to say otherwise, but the great majority of our public servants are mere graduate place hunters. The fact sounds harsh, perhaps, but it is not sentiment but sense we are

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discussing. A distinguished ex-general may succeed as a railway director, but it will not be due to the fact that he was a soldier, nor need every soldier of his brigade, corps or division assume that, having been a soldier, qualifies him to fill any civil position he finds vacant, can cause to be created or break into. As a people we are full of the foolish notion that we are not sentimental. That belief is all "tommy-rot." Just read our political history, especially that portion of it written since the Civil War, and note that every day and hour we have stolen from money grubbing has been to devote it to hero worship — and without so much as inquiring why. We may just as well admit the fact that we cannot gorge the civil list with untrained place hunters and expect world beating results. Let the political orators rant if they must, voters may exercise caution and common sense in spite of such oratory.

CHAPTER VIII

STAGGERING DEBT PROPOSAL

THE par value capitalization of the railroads of the United States outstanding June 30, 1905, was \$13,805,258,121, which is equivalent to a capitalization of \$65,926 per mile on the 218,101.04 miles of railroad in the country.

The public debt of the United States, exclusive of circulating medium, at the end of July, 1906, was \$1,293,824,742. This is about nine and one-half per cent of the face value of the steam railway securities of the country.

The Government purchase of the railroads, the telegraph and the telephone systems of the country at the extravagant income value fixed by trust operation, plus our present bonded liabilities, would plunge the country into debt to the extent of from \$17,000,000,000 to \$18,000,000,000. How could we pay such a sum? We simply could not pay it. It must stand as an interest bearing debt beyond the limit of time

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that any living man might reasonably calculate. All the governments in the world combined have not enough gold and silver by half to pay cash for such an investment, and it would require the output of every known gold and silver mine on earth (averaging up to the 1904 product) for more than forty years to pay such a sum. In the meantime, interest accretions at the lowest rate ever known would more than have doubled the debt. The total product of the gold and silver mines of the United States (yielding at the 1904 rate — gold \$80,464,700 and silver \$33,456,000, total \$113,920,700) would pay only a fraction of the interest on such a debt. It would remain for the people to pay such a profit to their government, for the services of their government operated railroads, as would some day, possibly, pay the bonds issued for their purchase.

Should the people's government fail to operate the roads at a profit, then the people's government must either surrender the roads, losing what had been paid on them pending the govern-

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ment experiment, or repudiate — unless the people be forced by their bond-masters to meet such deficit by a searching scheme of general taxation — an alternative may God forever forbid a free people from blundering into. But should it come to a scheme of general taxation in order to pay interest on bonds and keep the railroads going, then would we pay not only the tariff fixed as the cost of transportation, but whether we rode or walked, we would nevertheless pay for the privilege. This is an extreme view, it will be said. Admitting that, must we not also admit that what appear to be extreme views do not always measure the possibilities touching gigantic enterprises in the hands of incompetents? However roseate the probabilities, keep the possibilities in mind — it prevents painful surprises, to say the least.

CHAPTER IX

ENORMOUS INCOME VALUES

FOR the twelve months preceding June 30, 1905, the railways of the United States paid out \$221,941,049 to stock and bondholders in dividends. The amount in wages and salaries paid to employes during the same period was \$839,944,680.

This amounts to an income profit, over and above every spendthrift outlay the railroad trust could absorb internally — that is by excessive official salaries, etc. — and every legitimate operating and sinking fund charge, of more than one-quarter of the sum paid to its million and one-third wage and salary servants. Do you happen to know of any large employer of labor, operating strictly within the law that earns a profit equal to more than a quarter of the sum paid out as the wage cost of production? Understand, this means more than a 25% dividend on labor, a clear profit of 25 cents on every dollar paid

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out in wages — one-fourth of every day's wages of every one of the 1,382,196 persons employed, and that for every day in the year.

In arriving at the true worth of the steam railroads of the country for the purpose of valuation for the last Federal census, 1904, the income of the roads was capitalized, which showed a commercial valuation of \$11,224,852,000. This did not include \$51,000,000 valuation of Pullman cars and \$72,000,000 of "private line" freight-cars. Since 1904 the construction of nearly 10,000 miles of track and the extension of operating equipment generally has so enlarged the income of the roads that, figured on the capitalization of income, the present commercial value of the roads would be higher than the census figures above given.

Sales of railroads to trust builders in recent years indicate the values fixed by the magnates. The Chicago & Alton sold to George J. Gould, John D. Rockefeller, E. H. Harriman and Jacob H. Schiff at \$175 for each \$100 share of com-

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mon, and \$200 for each \$100 share of preferred stock of the road. This sale was made for cash, and amounted to \$39,733,425. The Chicago & Alton for sixteen years previous to this sale had earned from eight to ten per cent dividends for shareholders.

The Chicago, Burlington & Quincy Railroad was sold to a trust owning the Northern Pacific and the Great Northern railways at a valuation of \$200 for each \$100 share, payable in collateral trust four per cent bonds, secured by both of the roads named, or part in bonds and part in cash at the option of shareholders.

The purchase of the St. Louis & San Francisco Railroad for the Chicago, Rock Island & Pacific trust, through the house of J. P. Morgan & Co., was paid for in collateral stock and five per cent bonds at the rate of \$60 each, aggregating \$120 face value for each \$100 face value of surrendered stock.

Numerous other sales of the smaller systems to the trust groups in recent years have shown

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a similar tendency to high valuation, but more remarkable is the fact that, having eliminated the smaller lines as competitors, and by the manipulation and taxation of traffic in the absence of Federal regulation, the trusts in control of the various groups of roads have realized incomes for two or three years past vastly in excess of reasonable incomes on their actual valuation. In view of this state of affairs, a present valuation of the roads on the basis of their income would fix their sale value at enormous figures. When the Chicago & Alton road was sold to the trust mentioned it was worth, capitalized at an income of four per cent, \$35,359,992. But, as has been seen, the trust paid \$39,773,425 for the property. In 1899, under the former ownership and competitive management, the Chicago & Alton's gross earnings were \$7,155,961; net income \$1,576,280. Under the operation of the trust in 1901, the same road produced a gross income of \$9,036,655 and a net income of \$3,451,941, or a gain of \$1,875,661 in favor of monopolistic meth-

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ods. In 1905 the trusts' total net income from the Chicago & Alton was \$5,988,789 representing a value of \$119,775,780, yielding five per cent, or a matter of eighty millions more than was paid for the property by the trust. For three years prior to its sale to the Northern trust group of roads, the C. B. & Q. road earned an average of nearly eight per cent and paid dividends of nearly six per cent. In 1902, the first year of the road's operation under trust direction, its net income was \$18,453,175, and in 1905 the net income had grown to \$22,174,916, and the yearly surplus had swelled from \$1,263,389 in 1902 to \$4,969,927 in 1905.

In the opinion of the railway president quoted at the beginning of this work, the railway trust magnates of the United States are engaged in fixing the highest possible income values of their properties in the public mind in order to sell the roads finally to the people at a stupendous figure. That these carriers have for years been outraging the public is an unquestioned statement of

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fact, and it may appear, in the unraveling of the great question, that it was the design of the oppressors that the people should be goaded to protective action in order to consummate a coup of complete popular conquest.

A recent official announcement by the Department of Justice at Washington, is to this effect:

"Since January 1, a total of \$283,073 has been collected from railroads granting rebates or conspiring to give rebates, this being exclusive of the money collected for violation of the safety appliance law. More than two hundred of the latter cases were filed, and in most of them the railroads went into court and confessed judgment."

This would indicate that the carriers have been entirely lacking in respect for laws not vigorously enforced, and may stand as an argument that laws regulating and controlling great corporations and trusts may be effectively enforced whenever the public takes the trouble to elect men to official position who may be relied upon to perform their duties.

CHAPTER X

THE GERMAN PRECEDENT

A GREAT deal is heard of the German precedent regarding the government ownership and operation of railroads, the German method of taking over railroad properties by the state, etc. Occasionally the state owned railroads of Italy and some other countries are heard from, but usually in criticism rather than in praise. The German precedent seems to have been best fixed in the public mind, and it is an open question who fixed it there, the trust railroad owners of America or the American people themselves. Of this we are certain: Following the German method of arriving at railroad values, when selling lines owned by our trust to our government would be greatly to the advantage of the trust, and if it is true that the American railroad trust is really planning to unload on the people, then the German precedent is just the plan for the trust to popularize. In view of the

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forementioned income values of trust-manipulated lines, observe these stipulations of the German law:

At least one year's notice must be given to the company of the intention of the state to purchase.

The amount of indemnity to be paid by the state to the company is to be determined as follows:

(a) The state is to pay to the company twenty-five times the average annual net earnings of the five years immediately preceding the date of purchase.

(b) The state shall assume all the debts of the company.

(c) The state shall come into possession not only of the immediate railway property and equipment, but also of the reserve funds of the company.

(d) The company shall remain in full possession of the property until all the aforesaid provisions have been complied with.

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Could the American people afford to follow such a precedent? For example, estimate twenty-five years' net income, plus the debts of one of our trust-operated lines, then compare that sum with the worth of the road and equipment, and the scant reserve that an American trust might be expected to turn over to an accommodating government after twelve months' notice, and you will derive some valuable information from a reading of the result.

We may not overlook the claims of government ownership advocates to the effect that every item of cost under government operation of the railroads is more than paid by the people to corporations at this time. Granting that we have paid too much tribute to the carriers in the past, a fact beyond dispute, should we rush pell-mell into an unexplored system because we were foolish enough to submit to a species of outlawry that no longer need be tolerated? Rather than the relative cost of the railway service of the past, as compared to the best estimate of the cost

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under government operated service, should be a comparison of the cost of the railway service of the country under our present plan of government regulation and the probable cost under government operation. The abandoned past is merely a guide. That it is of the past and gone and not to be resumed, furnishes no basis of comparison, and therefore serves no purpose as the basis of argument.

We may now be paying too much for carrier service, and we may still be paying too much a year hence, but the fact that we are victims does not prove that an untried remedy is certain to effect our rescue. The question is: Can the people, with the strong arm of inquisitorial government regulation, force private corporations to practice greater economy than the people, as a body politic, would be willing, or could be relied upon or trusted, to enforce?

CHAPTER XI

CREATOR MAY NOT COMPROMISE

THE United States treasury is an important business enterprise, and, if government system is the able and economic scheme we hear so much about from the Socialists and government ownership advocates, it should be reflected there. But Secretary Shaw says that it is administered at excessive cost to the taxpayers, and he should know. Are the railroads requiring the services of more than ninety times as many persons, scattered throughout the land, and the duties as technical as diversified — are the railroads less difficult than the treasury to conduct economically?

But it will be said that under a system of government ownership of railroads, only trained railroad men will be employed and only such charges made for services as will meet expenses and lay up funds to pay interest and take care of bonds. Then why not let the roads alone, so

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far as ownership goes, and content ourselves with making them do the exact things for us that we might hope to do for ourselves, avoiding the risk of experiment, and the vast labor necessary to the task? If we cannot control the roads as they are now organized, and under a system that makes them the subservient creatures of the government, most assuredly we cannot operate them with gain to the masses and credit to the nation. If we are too weak, too vacillating, too much party driven to do our duty now how may we be expected to better discharge it when our responsibilities have been thus broadened and the salaried patriot forces of the government multiplied by eight? It is positively absurd to presume that, having made a failure of governing the corporate creations of government, we must surrender to the creatures in self-defence. The theory is preposterous. As a rule of sovereign conduct, human or divine, does it ever occur that a creator successfully stoops to compromise with a creature? From the fall of Lucifer to date, the

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pages of Holy Writ and all the annals of man say No. Could a just God compromise with rebellious angels — an elect legion turned insurgent with the awful design of polluting heaven? Were compromise a remedy, then there were no need of hell. Were compromise compatible with justice, Adam and Eve might have remained in the Garden of Eden.

Did the government of Lincoln compromise with the rebellious South?

Would Lincoln, the patriot who waved back the prolonged and furious onslaughts of the Confederacy for years, rather than to relinquish so much as one syllable of the Union's demands, or to utter a single word in sign of compromise — would the great Lincoln have hesitated an instant to determine his duty in the carrier crisis that now confronts us?

Has the spirit of Lincoln forsaken us, or can we as free men still vote as we pray?

Are we a race of honest men with sense enough to know what is best for us, and resolute

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enough to enforce our will within the limits of the law, or are we so far beneath that standard that a majority may be misled, deceived, or bribed into misdirecting or debasing our right of franchise?

We made the trusts and we can deal with them as we will. If they are ungrateful it is our business, and our duty, as sensible men to teach them the error of their ways. We need not care whether they like it or not, so long as we are right. The trust will no more admit its criminality than the burglar will plead his guilt. When the housebreaker is caught in the act do we go to great expense to admonish him to righteous ways of living, and then send him forth with a tract in one hand, his tool bag in the other, under promise of transgressing no more, or do we relieve him of his pass keys, jimmy, pistols, slung-shot and dark lantern, and restrict his movements for a term in the interest of society and the public welfare? Of course we punish the burglar, heedless of his plea of inno-

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cence and his protest against the taking of his tools. But is dealing justice to the burglar our limit? Are we unequal to the duty of dealing with the trust outlaw whose tool bag is its charter, which we issued and may withdraw?

The truth of the matter is that the American public is getting just what it bargains for. It created trusts and it has tolerated them until they have grown opulent and insolent outlaws, verging sharply upon the tyrannous. It is the part of weaklings to talk of bribing them to go out of the business of robbing us per their present system, and by the purchase process involve ourselves hopelessly. As matters now stand, we have the whip hand—all we need is common sense enough to know whither we wish to go, and nerve enough to drive. Buy up the railroads and we have furnished the band of land pirates now in control of the lines the only possible means of safely investing their gigantic stealings in surely solvent securities, and have at the same time made bond-slaves of ourselves and

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our posterity to a generation too remote to think of with either pride or hope.

Let it be conceded for the sake of argument that all those having a liking for public service, and who, be it also conceded, are imbued with an honest desire to promote the public good—let it be conceded that all those favor government ownership. And the masses who aspire not to office holding, but to the upbuilding of the country, their individual fortunes and their homes—may they be made absolutely certain that regulation is a foredoomed failure and ownership by the people a predestined success by theorists unwilling to be guided by the logic of events?

CHAPTER XII

CASES ARE NOT PARALLEL

THE assertion that Germany is more prosperous under State ownership and operation of the railways than when corporate owners operated the carriers proves little if anything in our own case. And the same may be said of New Zealand. They are neither like nor parallel cases. Germany has one mile of railway for every 1,768 inhabitants while the United States has one mile of railway for every 365 inhabitants. New Zealand, with a larger mileage per capita than Germany, has for years revelled in a semi-socialistic carnival of public debt that sounds out of all proportion to possible future benefits. The public debt of New Zealand, according to the latest official report, approximates \$1.625 for each family as compared to a present public debt of approximately \$60 per family of five persons in the United States, the ratio being

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one to twenty-eight against the New Zealand system.

The movement leading to government ownership of the railroads of Germany was prompted by statecraft. The German government felt the need of highways under official direction in order to more securely promote the military and political designs of the government. Germany is forever preparing for war as a means of preserving peace, and that is a system of great cost. In order that the government might have the use of the railroads at the very moment required, and, without directly asking the people to pay itemized bills for military transportation, and yet to fasten such cost upon them in the traffic tariff of commerce, Germany took over her railroads.

The New Zealand's government railroad ownership career was born of the Socialistic system that that government has become enmeshed in. The theory that the development of a country by the accumulation of debt will lessen the struggle for existence by permanently pro-

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viding for prosperity, seems to be a fixed principle of the political faith of that people. Perhaps there were conditions more conducive to Socialism there than we have ever experienced. How it will end is the important item. New lands in process of development yield early their greatest harvests, and during those rich harvest years grow most conspicuously in value. Such lands sparsely settled will support a far greater per cent of taxation per capita than a dense population on the same lands in the zenith of their estimated worth can pay and prosper. New Zealand has not yet reached this stage of National existence. It is the belief of shrewd money-makers the world over that the Australian Utopia has already mortgaged her posterity into poverty. Time will tell the story. But in any event, neither conditions precedent nor the course pursued by the governments of either Germany or New Zealand will find counterpart in the United States of America. The cases are in no wise parallel, and there can be no analogy of comparison.

CHAPTER XIII

THE STATE'S RIGHTS ISSUE

UNDER present grants of rights of way to common carriers, states have police power, and control for taxation, over the railways. Should the Federal government seek to take over the ownership of trunk lines passing through the several states (as proposed by Colonel Bryan), the question of States Rights must appear forthwith in aggravated form. Either that or the Federal government must surrender to state sovereignty a power never yet conceded. It is the demand of the United States when acquiring, or accepting as a gift, title to real property within the states, to have ceded to the United States by the legislature of the state relinquishing title, absolute ownership and sovereignty of and over the land thus transferred. Will the states cede the almost innumerable avenues threading the various commonwealths to a power beyond their control?

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Before voting for government ownership think over the cost of the 1861-65 conflict over States Rights. Do you care to risk the consequences of raising that issue again? Will the South submit to social equality and abandon its separate coaches (the Jim Crow system) for whites and blacks? Can the government enforce one social equality code at the North and another at the South? Dare the Sovereign States of this Union cede to the federal government broad rights of ways from border to border in every direction? Can the Federal Government undertake to own railroads within the states unless the states do cede to that government the lands on which the roads are laid? Iron out this wrinkle before you put on the garb of government ownership.

CHAPTER XIV

THE LIMIT OF HUMAN ENDURANCE

THE railroads are at present so much a factor in business affairs as to determine the possibility of traffic, and dominate its scope and the degree of profit or loss. This is true because the cost of transportation and facility of delivery determine traffic. A common carrier may facilitate the business and advance the welfare of an individual, a locality or a region, or it may hinder. As the unrivalled means of transportation, the railroad sways such power over the fortunes of men, communities, cities and states as to build up or tear down. And this great power has been employed to the full throughout the country; exploiting here, suppressing there; opening the world's markets to a favored few, denying entrance thereto to the mass in disfavor; building up cities at the expense of the decline of others, destroying individual opportunities by thousands at the dictates

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of heartless monopolists, and other acts of traffic outlawry to the very limit of human endurance.

The great carrier corporations had really become a public menace. No tamer expression would state the fact. They had, to the extent of the means most available to procure their needs, corrupted the officials and polluted the public morals of the classes that fell beneath their contaminating influence. It was feared by many that this brotherhood of traffic brigands had gained such representation in Congress as to effectually put off as unnecessary all efforts to enact a law regulating their conduct, revealing their acts to public scrutiny and providing the power to make rates in lieu of unjust or extortionate charges fixed by the carriers themselves. But the people persisted, and such a law is now recorded. And this is the realization of a people's hope for nearly a generation.

Away back in the days when "Horizontal Bill" Morrison of Illinois held the centre of the interstate rate regulation stage, it was under-

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stood that the original law on the subject, "An Act to Regulate Commerce," contained loopholes sufficiently oval to admit whole railway systems, and a railway trust into the bargain. Speedily an effort to amend was put forward, but it failed. The railroad influence in Congress was stronger than the force of public opinion. And the same issue died a similar death in the next Congress, and so in the next, compromising at one time on the Elkins bill; and thus up until the last Congress, when public opinion on this issue was paramount. Now, after more than sixteen years of endeavor, is it the part of wisdom to be led away from the serious business of that hard-earned law's enforcement by a theory of popular might, however alluring? There must have been genuine public conviction as to the need of the recent act of Congress regulating the carriers, or its realization were impossible. The subject was thoroughly thought upon. Should we, then, rush into an undertaking of vastly broader scope and bolder enterprise without the deep conviction born of intimate knowledge?

CHAPTER XV

CARRIERS OF THE FUTURE

WILL the common carrier of the future hold the commanding position, relatively to traffic and commerce, held by the railway carrier to-day? Will the power of the carrier to determine the destiny of the business man increase or decline with the years? Those who insist that regulation is inadequate hold that the dominance of the common carrier will shortly become so pronounced that it will either rule the people absolutely or the people must take the carrier in hand to deal with it as their own. They discern no chance of lessening its commanding influence. Thus, with a single alternative they arm for conflict, utter their war-cry of government ownership and take to the field.

At the same time there remain quietly at home, so to speak, an army less given to alarms. In this army are many bent on devising, invent-

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ing, creating newer ways and means of doing not only the things already common conduct in the world of effort, but reaching for devices, processes and systems yet unborn. Shall the efforts of all these count for naught? Has the day of progress ended—the sun of genius set? The pipe line, pneumatic tube, trolley, air ship and devices yet undreamed of may be useful agencies, and common carriers in fact, long before we have given railroad ownership the thorough study and long pursuit that regulation gained at our hands.

With the completion of the Isthmian Canal, and when the Atlantic ocean is introduced to the Great Lakes and the Gulf of Mexico is extended to Chicago, (and this reasonable conquest is high in the public favor) will the railroad trust be the mighty traffic master that it is in the land today? Given the option of all water, or rail and water routes to the world markets, shippers will cease to be the prey of railroad grafters. With Buffalo, Cleveland, Chicago, Milwaukee, Detroit and Duluth actual seaports, the govern-

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ment will not feel the need of owning so much as railway roadbeds in order to control the charges for traffic and to regulate the conduct of carriers by rail. Owning the waterways, the government, and the states, may fix, by the natural law of competition, the cost of carrier service.

When ocean going vessels discharge imports and take on exports at every point on the Mississippi and Illinois from New Orleans to Chicago, and from New York City to Duluth, the long haul monopoly long enjoyed by the railroads for the transportation of more than fifty per cent of the inland tonnage traffic of the continent will have ended. Then take into consideration the greater scheme of waterways proposed to extend to the foothills of the Rockies, relieving the fertile Missouri basin. Can it be doubted, in view of the millions appropriated and available for connecting the Atlantic ocean and the Gulf of Mexico with the Great Lakes, and the Isthmian Canal assured, that, from a railroad trust point

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of view, the sooner railroad securities may be exchanged for government bonds the better it will be for the railroad trust?

Improvements and reclamation of waterways, denser population, and the storage system of the future,—the warehousing of commodities and merchandise so as to arrive at distribution with the least possible movement and expense—are expected to amazingly lessen the importance of railway transportation. It is unquestionably true that storage is cheaper than transportation, and it readily seems reasonable that the comprehensive and scientific system of commercial warehousing being worked out by the architects of that important branch of human endeavor, will to a marked extent revolutionize modern business methods. It is now boldly predicted that relatively twenty-five per cent of the tonnage now shipped long distances for distribution may be telegraphed within a period of ten years. That is, delivery may be made on telegraphic order from the nearest public warehouse. Within the

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lifetime of the younger generation advanced warehousemen expect to lessen the importance of railway transportation by half. What, then, will be the public menace, the railroad or the warehouse? Possibly, in that distant day will be rejuvenated the Populist cry of government warehouse ownership, as the national cure-all. But, to paraphrase, sufficient unto the day is the duty thereof, and that people is wisest that in its day and generation performs its duty best.

CHAPTER XVI

WATERWAYS DETERMINE RATES

THE necessities of inland traffic throughout the history of civilization and human progress have been met largely by the construction of artificial waterways. Previous to the introduction of the railway carrier, canal construction, in every country making any pretension to extended traffic or commercial enterprises, marked the course of national progress.

Early in the history of this government the construction of waterways inland from the ports and bays on the Atlantic coast was recognized to be a prerequisite of the development of the Atlantic Coast and Ohio Valley regions. Out of the recognized traffic necessities of that period grew, previous to the advent of the railroad as a common carrier, eight artificial water-carrying highways, aggregating a length of 830 miles.

Out of the necessities of traffic inadequately provided for or unjustly discriminated against by

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rail carriers, have grown, since 1830, some twenty-nine additional inland waterways, with a total length of 1,740 miles, making the present canal ways of the United States 2,570 miles in length.

As far back into the traffic records of the world as one may go, it appears that the canal has been the commercial liberator. Whenever and wherever the competitive demands of trade and the economic welfare of a people have demanded lower rates of transportation — from the human pack-carrier to the present extortionate railroad trust system,— man has turned to the canal system for relief. The canal has, since its inception, been the emancipator of enslaved commercial systems, and it has come to pass that the American people are proceeding now, as did the ancients, and as did our forefathers, to turn to the canal system to meet the demands of tonnage and as the certain and stable arbiter of traffic oppression evils that have grown to be insupportable.

Not many years hence the proof of a city's

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stability, in the Atlantic Coast, Ohio or Mississippi Valley group of States will be its ability to command competing water and rail rates of transportation. Accepting this view, either the abandoned canals of the Central and Eastern States must speedily be deepened and broadened to accommodate modern ships and barges, or new waterways constructed.

Will the traffic in sight warrant the building of ship canals in the groups of States named? That question must early appeal to the minds of persons seeking light on the subject. In France, Germany and Russia the water carrier has for years been supplanting the rail carrier. One-third of the commercial and traffic tonnage of France was last year moved via canals and rivers, and besides being thus transported at reasonable cost, the large volume thus moved fixed competing rates for the rail carriers of the larger division of tonnage. In Germany, the proportion of the carrying trade accomplished by water is not so large as in France, but is sufficiently influen-

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tial to fix rates to common points. Russia has more length of canal and navigable river than railroad mileage, and in consequence the former dominates, save in quarters reached only by the railroads. But more forceful than all comparison arguments, is the declaration of railroad presidents that they have not track enough to move traffic promptly in the United States.

CHAPTER XVII

RELATIVE CHARGES

THE enlargement of the Erie Canal from Albany to Buffalo will permit the passage of barges of 4,000 tons capacity, and the estimated tonnage charge is but one-twelfth of the present railroad rate, which is about three times the present ruling canal rate. The higher rail rate at this time is due largely to the fact that the present Erie Canal is not, in fact, a competitor of the modern four-track railroad system. But the enlarged Erie, being wrought at an outlay of \$101,000,000 will admit either ships or barges large enough to move cargoes for seagoing vessels. It is estimated that a single barge of the type to be used on the new Erie Canal will accommodate tonnage equal to the capacity of fifty railroad cars, and that to transport the same by barge will, for the fifty carloads by water, cost no more than the movement of five car-loads and locomotive by rail.

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As an instance of the growth of water-carrying trade where facilities are adequate, and the competition between rail and water routes is as nearly on the merits of each as may be under existing conditions, the development of Chicago's water-carrier grain and flour trade may be cited. Chicago is the terminus of twenty-six railroads having 80,047 miles of road, which is more than one-third of the railroad mileage of the United States, and is equal to the railroad mileage of the United Kingdom, Germany and France combined, yet, in 1905, Chicago shipped 68,345,328 bushels of grain and 207,701 tons of flour by water. Much of this tonnage, for export, was transferred to railroads at Buffalo, owing to the incapacity of the Erie Canal. When seagoing vessels may pass through the Hudson, Erie Canal and the Great Lakes to Chicago docks, railroad dictation of rates on export products of the Central West will have ceased. And the same rule will apply to the vast tonnage of meats, foodstuffs, feedstuffs, ore, agricultural manufactures and other

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products of the broad Central Western and Western States demanded for consumption by the inhabitants of Eastern States, and likewise to the products of the mills and factories of the East consumed or applied at the West.

The deepening of the Illinois and Mississippi rivers to admit the passage of vessels having fifteen to twenty-two feet draft, as the Chicago Drainage and Ship Canal now does, and the completion of the Isthmian Canal, will open a way for the transportation of the products of the West demanded by the Pacific Coast States and cities at rates not to exceed one-third of the cost now levied by the rail carriers on tonnage hauled across the Rockies. Indeed, there are well-informed students of this question who hold that when it is possible for coastwise shipping to enter Chicago, Duluth and Buffalo from San Francisco, Tampico, Galveston and New Orleans, and vice versa, without breaking bulk, large profits may be earned by ship owners at one-quarter of the charges now paid on rail tonnage between

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Mississippi River and lake ports and the Pacific coast.

It will be seen that the influence of ship canals leading (via the rivers) from New York City and New Orleans to the busy ports of the Great Lakes, must not only divert important traffic from the rail carriers, but will force something like an equalization of tonnage charges on the immense traffic the railroads will continue to move. Thus the canal system planned by the government, the States and by progressive municipalities, is designed to yield a two-fold public benefit—the yield of facilities for transporting the necessities of life and the merchandise of commerce at reasonably low rates independent of rail carriers, and must operate as a rail rate-maker to the extent of the competitive capacity of the waterway facilities. It is with this object of making the competitive capacity of the canals of the future nearly unlimited that the plans for the deep and broad artificial waterways in prospect were adopted.

The Isthmian Canal will admit the passage of

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the largest ships afloat or any likely, in view of the experience of maritime experts, ever to be constructed. There must be some limit, of course, to the depth of holds of ships, and it is held that the six and seven story floating hotel palaces, and the regimental posts in the form of battleships, have nearly, if not quite, measured the dimensions of ingenuity and practicability in ship-building.

The Mississippi and Illinois river channels are to be dredged to an unobstructed ship-way of at least 15 feet deep, and the same depth will be reached in the Erie Canal. This depth will admit not only the largest barges devised, but will afford ample room for the passage of coastwise and the smaller ocean-going merchant sailing and steamships.

CHAPTER XVIII

WITHIN SHORE ROUTE

BUT this comprehensive system of inland waterways does not measure the designs and the hopes of canal builders. They would have a way for our merchant-marine to abandon the open sea in stress of hurricane or reign of war, and yet pursue uninterruptedly our coast ports traffic and enjoy the advantages of the Isthmian Canal, which, it goes without saying, will be American so long as America has the might to man it. The revival of the movement to connect the Delaware and Chesapeake bays by a ship canal is the beginning of an enterprise designed to connect Boston and Galveston, if not the Rio Grande, by an inland waterway — that is, by a canal system in connection with bays, rivers, inlets and land-locked harbors of our Atlantic and Gulf coasts. A commission authorized by Congress to investigate the proposed plan

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of connecting the bays mentioned by means of a ship canal is now at work.

The feasibility of the proposed inland waterway is emphasized by the fact that light seagoing craft, such as torpedo boats, may now pass from Providence, R. I., to a point south of Cape Hatteras, 100 miles or more, without venturing into the Atlantic. With the deepening and broadening of the natural ways, this inland route may be made to accommodate merchant ships and men-of-war. It would require a ship canal from Boston to Narragansett Bay, 19 miles, the widening of an existing canal across New Jersey, and the deepening and widening of the link between Delaware and Chesapeake bays. By these improvements, in connection with Long Island Sound, Delaware Bay, the Raritan and Delaware rivers and Chesapeake Bay, the inland way from Boston to Norfolk for large ocean-going ships would be provided. Thence, through an enlarged Dismal Swamp canal to the North Carolina Sounds, from which body of water natural passages and short

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canal cuts bring the voyager inland to Jacksonville, Fla., and the St. John's River, thence from Jacksonville to the Gulf of Mexico via the Suwannee River. Along the Gulf coast numerous bays and swamps must be dredged and some connecting links constructed, but to a nation that hesitates not to build an Isthmian Canal, a nation that can support a \$14,000,000,000 railroad trust in insolent opulence and never notice the billion or two expended for the liberation of the oppressed in two hemispheres—the cost of constructing such a waterway would mean nothing more than the diversion of some small change from the channels of foreign philanthropy for a year or two, to say the most of it.

And this proposed magnificent within shore shipway will be practically without a bar to the progress of vessels sailing its bosom. Being through a tide level expanse, the only locks, if any be necessary, in all the route from the Raritan to the Rio Grande, will be two or three required to elevate the flood upon some of the cut-offs

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that ascend to a few feet above sea-level. It is possible to excavate the entire way free from locks, and at an outlay infinitesimal in comparison with the greater Isthmian undertaking.

CHAPTER XIX

A PEACEFUL TIDE

THE objects — political and commercial — to be attained by such an improvement are only partially evident at this distance.

We perceive at a glance, however, that by the utilization of the within-shore route some several hundred miles' distance and all heavy sea breasting are avoided by merchant ships bound from Boston to Gulf ports and the Isthmus. Used as a rendezvous for the lighter ships of the navy, together with the mining of bays and inlets, all heavy armament of the naval defense of the nation might be dispensed with in time of war, as far as coast-guarding were concerned, being thus left free to meet the enemy at sea, lay siege to foreign ports or to perform any feats of prowess possible unhampered. And all this time our military transports and our merchantmen would ply in peace and safety within sight and sound of old ocean, but beyond her perils; far removed from the certain horrors and uncertain fortunes of war;

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secure from toss of tempest and sweep of gale, our good ships, thus guarded, might neither know the dangers nor fear the disasters of the mighty deep.

And the beauty of this way! Commercial nor warlike craft should monopolize this peaceful tide; and leisure's lords and ladies might sail away through a sweep of natural grandeur unrivalled elsewhere in the universe.

From Plymouth Rock to Galveston is a far sail when snow flies and the East wind bears its countless piercing icedarts landward from the sea. Virginia's capes, and Hatteras, sing no song of safety to the storm-tossed sailor, passing fearfully on old ocean's breast. Hurling the ink-like torrent back into the sea with the voice of thunder, ground swells and breakers dashing from flat and sound helplessly against the face of these bold and adamant promontories, emphasize the mastery of the headland, the majesty of the sea, but they tell too much of terror and they know too much of death.

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As though these terrors were not, and perils of the sea there were none, the voyager o'er this inland route to be shall pass through a land with snow enough for vigor, sunlight enough for song, threading his way through river, inlet, bay — a rippling flood of pearls — hung, crescent-like, about the nation's throat — at once the sign of riches and the source of pleasure to the race responsible for its being — an ornament to the nation for all time.

CHAPTER XX

IMPERIAL CANALWAY

THE Panama, or — as it has come to be known — the Isthmian Canal, now in course of construction, is to be the most remarkable waterway structure in the history of human achievement. This great waterway will be limited in facilities only to the necessities of the maritime world. It will be made so much greater than the demands of to-day that it is confidently believed that the ship it will not float will never seek passage through its locks and channel.

The work of constructing the Isthmian waterway, connecting two oceans at the gateway of twin continents, opening a new highway between the Eastern and Western hemispheres and shortening the voyage around the earth by one-third, has passed the crucial and preliminary stages at this time. This government has paid France for her rights of way, equipment and good will left

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over to that nation from the colossal failure of De Lesseps. We have likewise gained, by purchase and treaty ratification, a strip of land from the Gulf to the Pacific — the Canal Zone — a territory ample to accommodate the forces required in construction and the forces needed to operate, and garrisons to guard the property when opened to the commerce of the world.

Independent of the river and lake contributions to its course the Isthmian Canal, at its narrowest point, will be 200 feet wide, and at its broadest will have a ship channel width of 1000 feet. Its minimum depth will be 40 feet. Comparisons of the great canals of other countries bring out forcefully the imperial character of the Isthmian enterprise. The great Suez Canal has a depth of 26 feet; Manchester Ship Canal, 26 feet; Welland Ship Canal (Canadian), 15 feet. The North Sea Canals, both the Baltic and the Amsterdam, are the same depth, 29.52 feet. The Chicago Drainage and Ship Canal has a minimum depth of 22 feet for a width of 162 feet, and at

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its widest section is 306 feet. The Sault Ste Marie ship canal connecting Lakes Superior and Huron and the St. Mary's River, is 18 feet deep.

In the matter of artificial waterway mileage the United Kingdom and France have nearly equal lengths, approximately 3,000 miles in each country, which, as has been seen, is more per nation than the mileage, in the United States. Germany's canal mileage is also large, while Russia has nearly 35,000 miles of navigable rivers and artificial waterways. The Dominion of Canada has for years been alert to the necessity of waterway protection, and facilities to meet the demands of commerce. Of the numerous canal enterprises completed or under way by the Dominion government, the most important is the Welland Canal, connecting Lakes Erie and Ontario and carrying vessels around Niagara Falls.

Contrary to general opinion, artificial waterway construction has not cost mankind greatly in expenditure of treasure and exertion; very little, in fact, has been the cost in comparison with